



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Robert L. Davis
Jennifer Maguire

SUBJECT: 2008-2009 PROPOSED PUBLIC
SAFETY FEE CHANGES

DATE: May 23, 2008

Approved

Date

5/23/08

RECOMMENDATION

Amend the fee ordinance and resolution to increase the Public Entertainment Business Permit from the proposed \$252 per two years to an adjusted proposal of \$986 per two years; and the Public Entertainment Ownership / Management License from the proposed \$278 per two years to an adjusted proposal of \$986 per two years.

The expenditures for the Public Entertainment Business Permit and Ownership / Management License are already included in the 2008-2009 Proposed Budget. These proposed fee changes will align the Public Entertainment Business Permit and Ownership / Management License fees with the full cost of issuing the related permits and licenses, increasing proposed cost recovery from 38.3% to 100%. However, as a result of this action, additional resources of \$81,441 are available for City Council allocation as part of the final stage of the 2008-2009 budget process.

BACKGROUND

Consistent with City Council direction, the Department's goal is to set fees and charges based on recovering full cost. A recent review of the fees and charges indicated the current fees for the Public Entertainment Business Permit and the Public Entertainment Ownership / Management License are not recovering the full cost for staff time. In reviewing the practices employed by the Police Department to issue Entertainment Business Permits and Licenses it was determined significant amount of staff and supervisory time is necessary to ensure when a permit or license is issued, a full and complete background has been conducted. This includes identification of any criminal record. The proposed changes in the fees will allow full cost recovery for issuing the related permits and licenses. This proposal is being recommended at this time due to public outreach that was just completed on Wednesday, May 21, 2008.

ANALYSIS

The time included in the allocation of cost for the fees for the Public Entertainment Business Permit and the Public Entertainment Ownership / Management License includes accepting the

application; reviewing the application; interviewing the applicant; conducting a background investigation; contacting references; and the review, approval, and issuance of the permit or license.

An officer assigned to the Permits Unit spends approximately four hours to accept and review the application, interview the applicant, conduct a background investigation of the applicant, contact business references, contact venues that the applicant has been associated with, contact other cities where the applicant has performed similar work or owns similar businesses, confer with other city departments such as: code enforcement, risk management, planning and the Fire Department. The officer meets with their immediate supervisor to review the application.

A sergeant assigned to the Permits Unit spends approximately 1.5 hours reviewing the application with the Permits Officer to ensure all of the above listed issues have been properly addressed and all of the issues that could result in denial, suspension, or revocation as spelled out in Chapter 6.02 (Permit And License Procedures Ordinance) of the San Jose Municipal Code have been investigated.

Clerical staff devotes approximately two hours inputting the information into a tracking system, preparing identification cards, referring the applicant to the proper state fingerprinting location, and various other tasks.

Finally, a Vice officer and a Vice sergeant spend approximately one hour meeting with the applicant to explain the rules and regulations of Chapter 6.60 (Public Entertainment Permit Ordinance) of the San José Municipal Code, the terms of the Public Entertainment Business Permit or the Public Entertainment Ownership / Management License, the best business practices, what the expectations of the Police Department are, how administrative citations are issued and common pitfalls by persons providing entertainment to the public.

It should be noted the fee increase recommended by this MBA does not include any of the police staff time in regulatory on-site activities over the term of the permit. That staff time is absorbed in the on-duty costs of the police officers assigned that duty.

Public Outreach

The proposed fee increases were presented to stakeholders at an outreach meeting on May 21, 2008. Attendees were advised that the San Jose Police Department's Fiscal Unit has reviewed the cost of Police staff time it takes to process applications for a Public Entertainment Business Permit and a Public Entertainment Ownership / Management License and that the "cost recovery" analysis revealed that it costs the Police Department at least \$986 in staff time to complete the application process for each application submitted. Attendees were further advised that the 9.5 hours includes reviewing the application and any necessary or associated documentation, conducting site inspections, interviewing applicants, and conducting background investigations. Stakeholders were further advised that that this cost recovery fee does not include any of the regulatory on-site activities of the Police Department during the term of the permit. These stakeholders included entertainment business owners/operators/managers, the San José Downtown Association, promoters, musicians, members of the public, and other attendees.

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Also present were representatives from the Police Department, San José Redevelopment Agency, Council Districts 3 and 6, and the Mayor's Office.

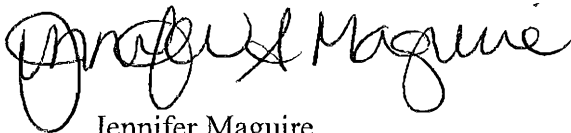
CONCLUSION

The proposed fees will align the Public Entertainment Business Permit and the Public Entertainment Ownership / Management License with the full cost of issuing the related permits and licenses.

COORDINATION

This MBA has been coordinated with the City Attorney's Office and the Office of Economic Development.

If you have any further questions regarding these issues, please feel free to contact Lt. Dave Hober at 408-277-4041.



Jennifer Maguire
Acting Budget Director



Robert L. Davis
Chief of Police

Attachments

RLD: LP

DEPARTMENTAL FEES AND CHARGES

POLICE

| Service | 2007-2008 Adopted Fee | 2007-2008 % Cost Recovery | 2008-2009 Proposed Fee | 2008-2009 Estimated Cost | 2008-2009 Estimated Revenue | | 2008-2009 % Cost Recovery | |
|---|--------------------------|---------------------------------|---------------------------|--------------------------------|--------------------------------|-----------------|------------------------------|-----------------|
| | | | | | Current Fee | Proposed Fee | Current Fee | Proposed Fee |
| PUBLIC SAFETY PERMITS - CATEGORY I | | | | | | | | |
| 19. Public Dance Hall | | | | | | | | |
| 2 New/Renewal - Class B | \$265 per permit | | \$164 per permit | | | | | |
| 3 Renewal - Class A & C | \$337 annual renewal | | \$340 annual renewal | | | | | |
| Sub-total Public Dance Hall | | 100.0% | | 4,699 | 5,000 | 4,699 | 106.4% | 100.0% |
| 20. Public Entertainment | | | | | | | | |
| 1 Business Permit | \$252 per 2 years | | \$986 per 2 years | | | | | |
| 2 Ownership/Management License | \$278 per 2 years | | \$986 per 2 years | | | | | |
| Sub-total Public Entertainment | | 100.0% | | 112,990 | 30,000 | 112,990 | 26.6% | 100.0% |
| 21. Sales | | | | | | | | |
| 1 Closing-Out Business Sales Permit (Bankruptcy, Fire, etc.) - 30-Day Renewal | \$98 per 30-day renewal | | \$96 per 30-day renewal | | | | | |
| 2 Closing-Out Business Sales Permit (Bankruptcy, Fire, etc.) - 60 Day Permit | \$98 per 60-day permit | | \$96 per 60-day permit | | | | | |
| Sub-total Sales | | | | | | | | |
| 22. Secondary Employment | | | | | | | | |
| 1 New Permit | \$420 per year | | \$423 per year | | | | | |
| 2 Permit - Events Lasting 5 Days or Less | \$189 per event | | \$191 per event | | | | | |
| 3 Renewal Fee | \$420 per year | | \$423 per year | | | | | |
| 4 Schools/Public Entity | \$35 per year | | No Change | | | | | |
| Sub-total Secondary Employment | | 100.0% | | 64,479 | 64,000 | 64,479 | 99.3% | 100.0% |
| 23. Street Closing | | | | | | | | |